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TAGS: [PGOV](#) [ECON](#) [KDEM](#) [PREL](#) [ETRD](#) [SOCI](#) [CH](#) [TW](#)  
SUBJECT: MAINLAND CHINA TOURISM PROVING DOUBLE-EDGED SWORD  
FOR TAIWAN

Classified By: Director Stanton. Reasons: 1.4 b/d

11. (U) This is the first of two reports on political implications of newly launched people-to-people cross-Strait exchanges. This cable looks at the influx of Chinese tourists to Taiwan. Septel will look at mainland university students in Taiwan.

12. (C) Summary: Tour groups from nearly every corner of China have become a common sight throughout Taiwan since it eased restrictions on mainland tourists in 2008. Over the long-term, Taiwan officials view the influx as a great opportunity to showcase the island's democracy as an alternative to authoritarianism. The influx of mainland visitors also can help Taiwan's struggling economy. Many here, however, express concern that deepening cross-Strait economic ties, including tourism, increase Taiwan's vulnerability to political pressure from Beijing. They point to China's restrictions on travel to Kaohsiung after the city's Mayor invited the Dalai Lama to visit Taiwan as an example. Those fears may be overblown, at least in Kaohsiung, where Chinese tourists continue to stream in and the Mayor remains popular despite Beijing's efforts to punish her. End Summary.

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MAINLAND TOURISTS: THEY'RE EVERYWHERE  
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13. (U) On a recent overcast day, dozens of camera-toting tourists from Hunan Province quietly watched the precisely choreographed changing of the honor guard at the National Chiang Kai-shek Memorial Hall, where a large bronze statue of the former Chinese President sits beneath the inscribed words "ethics," "democracy" and "science." Their guide, Andy Chou, said the visit to the memorial hall was a highlight for mainland tourists because it provided a glowing perspective on a towering historical figure vastly different from what they learned back home. As a steady stream of mainland tourists climbed up the long staircase to the memorial hall, others flocked to the island's other popular haunts, including the world's tallest building, the world-renowned National Palace Museum, and scenic Sun Moon Lake.

14. (SBU) Chou's tour group was one of thousands that have come to Taiwan since President Ma Ying-jeou decided last year to ease stringent restrictions as part of his rapprochement with China. Tourism Bureau Director of International Affairs Chao Kwang-Shoung estimated on average between 1,000 and 1,500 Chinese tourists arrive each day. The influx would be greater, industry analysts said, if not for capacity restraints, lingering fears of H1N1 flu, Typhoon Morakot and a partial boycott of Kaohsiung imposed by mainland authorities to punish its Mayor for inviting the Dalai Lama to visit Taiwan and approving the showing of a documentary on Uighur activist Rebiya Kadeer. Still, the announcement on October 23 that Taiwan would establish a tourism office in

Beijing (and that the PRC would open one in Taipei), its first quasi-official representative to be stationed in China, underlined Taipei's desire to entice more mainlanders to Taiwan. Currently, tourism accounts for less than 1 percent of Taiwan's gross domestic product, far less than popular destinations such as Thailand and Hong Kong.

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SHOWCASING DEMOCRACY...  
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15. (SBU) Authorities here see the tourist influx as a golden opportunity to showcase Taiwan's democracy and freedoms of speech and expression as an alternative to mainland China's one-party authoritarian political system. "I think when they come to Taiwan it must be a stimulus," Chou said. Mainland tourists were surprised to find a friendly and orderly society -- seeing lines at bus stops and railway stations was a huge shock for visitors from China's chaotic cities -- despite few police officers patrolling the streets. Industry officials also agreed that China visitors were mesmerized by television talk shows in which commentators harshly criticized public officials from President Ma on down. "They really love to watch local cable TV," said Chao.

16. (C) Yet not all the mainland visitors seem comfortable with Taiwan's relatively free society. Mr. He, a tourist from Chengdu, Sichuan Province, decked out in assuredly fake Gucci sneakers and Louis Vuitton belt, told PolOff at the Chiang Kai-Shek memorial that Taiwan politics struck him as too messy. Talk show commentators were "always arguing, always arguing," and he spoke disapprovingly of a tiny street

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protest he had seen the previous day. Across town at the Sun Yat-sen Memorial Hall, a tourist surnamed Ding from Jiangsu Province said he thought people on Taiwan had "mental problems" because they were always critical toward and lacked confidence in their government. "If economics is the priority, people should just leave it to the government," he said. Still, as he got ready to board his tour bus, Mr. Ding acknowledged that democracy was good and China should move toward it.

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... AND BOOSTING EARNINGS...  
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17. (SBU) The mainland tide also is warmly welcomed by Taiwan's tourism industry, which has seen arrivals from other destinations stagnate because of the global recession. Everyone from travel agencies to hotels to restaurants to night market hawkers hopes to cash in. Spicer Lee, general manager at Phoenix Tours, said the mainland already accounts for 10 percent of his business and could one day grow to 30 percent. Jonathan Lee, a leading hotelier in Kaohsiung, said mainland Chinese visitors accounted for about 8 percent of his total business but were far more important to other, cheaper hotels in Taiwan's second-largest city. According to Tourism Bureau figures, 333,000 mainlanders accounted for nearly one-fourth of tourist arrivals to Taiwan in the first eight months of 2009. The nearly 600 percent jump in China tourists over the same period last year was largely responsible for the overall 29 percent increase in tourist arrivals. (Note: These figures are understated because they don't include people who do not declare tourism as their main purpose of travel but come to Taiwan at least in part for sightseeing. Yang Ruey-tzhong, the official appointed as the Taiwan Strait Tourism Association's first representative in Beijing, predicted more than 600,000 mainland tourists will come to Taiwan this year and said the goal for next year was 1 million. End note.)

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...BUT AT WHAT COST?  
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18. (C) Yet many here are queasy that the growing wave of China tourists leaves Taiwan economically vulnerable to political pressure from Beijing. As an example, they point to China's restriction of travel to Kaohsiung in response to Mayor Chen Chu's invitation to the Dalai Lama to visit Taiwan and her decision not to cancel the screening of a film to which Beijing strongly objected. Lu Ji-xian, news section chief at the Kaohsiung-based Taiwan Times newspaper, said more than 10,000 rooms were cancelled in the city by mainland tourists, forcing at least two hotels to cut employee salaries. Hsia Mei-chen, who heads the mainland tourist section at Stylized Travel agency in Kaohsiung, said the cancellations had a "huge effect" on business. "You can say the majority of people in our industry don't approve of what the mayor did," Hsia said. "I think there was no need to invite the Dalai Lama."

19. (C) Still, the boycott may not have lasting economic or political effect in Kaohsiung. Indeed, the scope of the boycott remains unclear. An aide to Mayor Chen said only tour groups of mainland public servants were avoiding Kaohsiung, while others said some mainlanders were coming for day visits but not staying overnight. Industry sources said H1N1 flu and Typhoon Morakot kept some visitors away, but Lee noted that travel agents who canceled rooms at his hotels specifically cited government pressure. In any event, during an October 20-21 visit to Kaohsiung, Taipei-based PolOff saw Chinese visitors aplenty at the city's main tourist spots including the Liou-Ho night market, where several mainland groups walked the gauntlet of stalls selling everything from \$50 NT (US\$1.50) knock-off watches to not-quite-authentic tuna burritos (mustard available at no additional charge). Some hawkers acknowledged the number of Chinese tourists had thinned, but they complained the mainlanders spent far less money than others. "The mainlanders bargain but then they don't always buy," said a T-shirt vendor surnamed Lin as she made a sale to a Japanese tourist. "The number of Japanese are way down, but at least they actually buy stuff."

110. (C) Although the reporter Lu does not think Mayor Chen necessarily benefited politically from challenging China, her popularity remains close to 70 percent. A key aide to Chen told PolOff that the number of businesses directly affected by the boycott was small. Lee, the hotelier, while acknowledging some of his colleagues were upset by the Mayor's action, said he stood "on the other side" and felt

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China was wrong to retaliate economically over a political issue. "You have to depend on China in some ways, but you can't make the ties too close," he added. Lee recommended that Taiwan more aggressively promote tourism in the Japan and South Korea markets so as not to depend too much on China.

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COMMENT: NEITHER SIDE TO REAP FULL POLITICAL BENEFITS  
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111. (C) Taiwan's hope that opening the island to China tourists will promote democracy on the mainland will take years to bear fruit. The initial wave of Chinese tourists includes predominately elderly travelers who appear fascinated but also more than a little wary of Taiwan's free-wheeling democracy. Should subsequent waves trend younger, the political effect could be greater. Meanwhile, Kaohsiung Mayor Chen appears to have easily weathered China's first attempt to leverage its tourists for political gain on Taiwan. Several analysts reminded PolOff that some other attempts by China to interfere in Taiwan politics -- notably then-Premier Zhu Rongji's 2000 warning of dire consequences should Democratic Progressive Party presidential candidate Chen Shui-bian be elected -- failed miserably. Perhaps, then, the likeliest scenario for expanding tourism is a growing familiarity between the peoples of Taiwan and China, which should complement efforts to peacefully develop

cross-Strait relations.  
STANTON